



BellSouth Telecommunications, Inc.  
601 W. Chestnut Street  
Room 407  
Louisville, KY 40203

Dorothy.Chambers@BellSouth.com

Dorothy J. Chambers  
General Counsel/Kentucky

502 582 8219  
Fax 502 582 1573

September 13, 2004

**RECEIVED**

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PUBLIC SERVICE  
COMMISSION

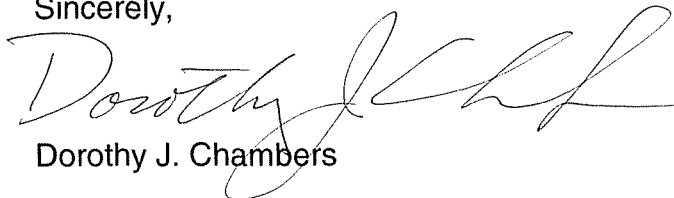
Ms. Beth O'Donnell  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, KY 40602

Re: An Inquiry Into Universal Service and Funding Issues  
Administrative Case No. 360

Dear Ms. O'Donnell:

Enclosed for filing in the above-captioned case are the original and ten (10) copies of BellSouth Telecommunications, Inc.'s Motion for Reconsideration and Clarification of August 24, 2004, Order.

Sincerely,



Dorothy J. Chambers

Enclosure

cc: Parties of Record

550153

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INQUIRY INTO UNIVERSAL	)	ADMINISTRATIVE
SERVICE AND FUNDING ISSUES	)	CASE NO. 360

BELLSOUTH TELECOMMUNICATIONS, INC.'S  
MOTION FOR RECONSIDERATION AND CLARIFICATION  
OF AUGUST 24, 2004, ORDER

BellSouth Telecommunications, Inc. ("BellSouth"), by counsel, respectfully requests pursuant to KRS 278.400 the Commission reconsider its August 24, 2004, Order, specifically the effective date for inclusion of customers who participate in the Temporary Assistance to Needy Families program ("TANF") and the National School Lunch's Free Lunch program ("NSL") in the Lifeline program. BellSouth requests that the effective date for inclusion of these two groups be extended until BellSouth is able to implement the necessary changes, as explained below (see ordering paragraph #1). BellSouth also seeks clarification of the Commission's requirement for annual certification audits (see ordering paragraph # 2).

Background:

On April 29, 2004, the Federal Communications Commission (FCC) released its order in the matter of Lifeline and Link-Up, WC Docket No. 03-109. In response to the FCC's order, the Kentucky Public Service Commission issued an order, on August 24, 2004, that concurred in certain recommendations of the FCC's order. This Commission

also disagreed with certain recommendations in the FCC Order. Specifically, this Commission ordered as follows:

- “1. Within 30 days of the date of this Order, Eligible Telecommunications Carriers shall update their tariffs to include TANF and NSL for Lifeline and Link-Up eligibility, effective the date of this Order.
2. Eligible Telecommunications Carriers shall implement annual certification audits to verify eligibility.
3. Eligible Telecommunications Carriers shall continue to advertise the availability of Lifeline and Link-Up programs to subscribers in their service area in a manner designed to reach those most likely to benefit from the programs.
4. The provision that a consumer is eligible to participate in Lifeline/Link-Up if the consumer’s income is at or below 135 percent of the federal poverty guidelines shall not be implemented at this time.”<sup>1</sup>

BellSouth contests neither the inclusion of the customers in the Lifeline and Link-Up program who participate in the TANF and NSL programs, nor the requirement for annual audits of eligibility. BellSouth’s request for reconsideration and clarification is based solely on logistical concerns in implementation of the Commission’s order.

#### Request for Reconsideration:

BellSouth’s request for reconsideration relates to ordering paragraph 1, quoted above, of the Commission’s order. Therein, BellSouth is directed to file tariffs by

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<sup>1</sup> Order of the Kentucky Public Service Commission in Case No. 360, AN INQUIRY INTO UNIVERSAL SERVICE AND FUNDING ISSUES, dated August 24, 2004.

September 23, 2004, that identify participants in the TANF and NSL programs as eligible for Lifeline and Link-Up, effective on August 24, 2004.

In order to provide the Lifeline and Link-Up credits for eligible customers, BellSouth must program its billing software to accept orders for the credits and to reflect the credits on customers' bills. These software programs must be updated to accept the TANF and NSL indicators in order for the credits to be provided to customers in the state of Kentucky. BellSouth currently is researching when time slots and resources will be available for these updates, but estimates that it will take approximately six (6) months to make these program changes. Due to the number of billing changes required in the nine states served by BellSouth, such programming must be scheduled in advance and in accordance with available resources. BellSouth, therefore, requests that the Commission modify its order to allow BellSouth to implement these changes in early 2005, the specific date to be determined and subsequently approved by this Commission.

Request for Clarification:

BellSouth's request for clarification is restricted to ordering paragraph 2 of the Commission's order.

BellSouth respectfully requests an informal conference in this proceeding in order to obtain further information and clarification regarding the Commission's order, specifically, the requirement to implement annual certification audits to verify eligibility. There are two separate processes involved with respect to certification of eligibility and verification of eligibility. The FCC rules require self-certification under penalty of perjury for federal default statutes. States operating their own lifeline programs are

permitted to devise more stringent measures. BellSouth seeks clarification as to whether the Kentucky Commission adopts the federal self-certification requirement or is establishing its own certification process. With respect to verification of eligibility, the FCC requires that ETCs verify annually the continued eligibility of a statistically valid sample of lifeline subscribers. Again, BellSouth seeks clarification as to whether the Commission has required BellSouth to follow the federal verification procedures or is adopting state specific procedures. BellSouth also requests Commission input on whether the on-line verification procedures which BellSouth is in the process of implementing are sufficient to satisfy verification procedures in Kentucky.

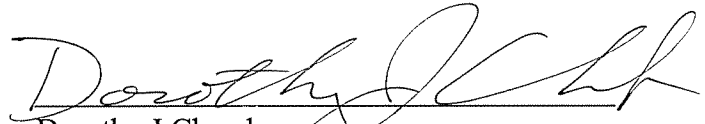
#### Conclusion

BellSouth urges the Commission to grant its request for reconsideration and for clarification. BellSouth is working diligently to schedule and accomplish the necessary software programming to comply with the provisions of ordering paragraph 1 of the Commission's August 24, 2004, Order. But additional time is required to perform and complete this work. BellSouth's request for an extension of time should be granted so that BellSouth can make the necessary changes in its systems to properly administer the credits for eligible customers.

BellSouth's request to clarify that an on-line verification procedure satisfies the Commission's requirement for certification and verification also should be granted so that BellSouth will be advised if this on-line procedure is satisfactory to the Commission.

BellSouth requests that the Commission schedule an informal conference for discussion of these issues.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Dorothy J. Chambers".

Dorothy J Chambers  
601 W. Chestnut Street, Room 407  
P. O. Box 32410  
Louisville, KY 40232  
Telephone No. (502) 582-8219

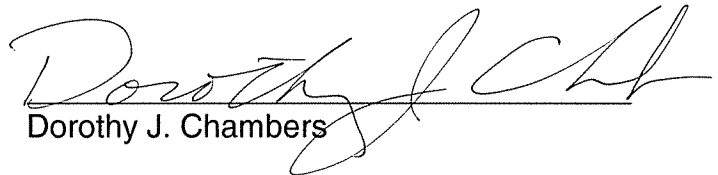
Robert A. Culpepper  
Suite 4300, BellSouth Center  
675 W. Peachtree Street, N.E.  
Atlanta, GA 30375  
Telephone No. (404) 335-0841

COUNSEL FOR BELL SOUTH  
TELECOMMUNICATIONS, INC.

549366

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served on the individuals on the attached Service List by mailing a copy thereof, this 13th day of September 2004.

  
Dorothy J. Chambers

**SERVICE LIST – ADMINISTRATIVE CASE 360**

Honorable William R. Atkinson  
Sprint Communications Company L.P.  
3065 Cumberland Circle, SE  
Mailstop GAATLD0602  
Atlanta, GA 30339

Gene Baldrate  
Cincinnati Bell Telephone Company  
201 East Fourth Street  
P. O. Box 2301  
Cincinnati, OH 45201-2301

Trevor R. Bonnstetter  
West Kentucky Rural Telephone  
Cooperative Corporation, Inc.  
237 North Eighth Street  
P. O. Box 649  
Mayfield, KY 42066-0649

Daniel M. Brislow  
Tel-save, Inc.  
d/b/a Network Services Of New Hope  
6805 Route 202  
New Hope, PA 18938

James O. Campbell  
Inter-mountain Cable D/b/a  
MTS Communications  
P. O. Box 159  
5 Laynesville Road  
Harold, KY 41635

Honorable Ann Louise Cheuvront  
Assistant Attorney General  
1024 Capital Center Drive  
Frankfort, KY 40601-8204

Jane J. Chiles  
Executive Director  
Catholic Conference of Kentucky  
1042 Burlington Lane  
Frankfort, KY 40601

Joseph P. Clayton  
Global Crossing North American  
Networks, Inc.  
1080 Pittsford Victor Road  
Pittsford, NY 14534

John K. Cusack  
Cincinnati SMSA, Limited Partnership  
12525 Cingular Way, Suite 3230  
Alpharetta, GA 30004

Honorable Mark F. Dobbins  
Tilford, Dobbins, Alexander,  
Buckaway and Black, LLP  
1400 One Riverfront Plaza  
Louisville, KY 40202

Mr. Gilmore Dutton  
LRC  
Room 29, Capitol Annex  
Frankfort, KY 40601

Colleen Dziuban  
Director-government Affairs  
New Par  
d/b/a Verizon Wireless  
180 Washington Valley Road  
Bedminster, NJ 07921

John Feehan  
Salem Telephone Company  
c/o TDS-Telecom Southeast Division  
9737 Cogdill Road, Suite 230  
Knoxville, TN 37932-3374

Anne E. Franklin  
Gerry, Friend & Sapronov, Llp  
Three Ravinia Drive, Suite 1450  
Atlanta, GA 30346

Tracy Freeny  
AmeriVision Communications, Inc.  
d/b/a LifeLine Communications  
One Broadway Executive Park  
201 NW 63rd., Suite 200  
Oklahoma City, OK 73116

Keith Gabbard  
Peoples Rural Telephone  
Cooperative Corporation, Inc.  
P. O. Box 159  
McKee, KY 40447

Mr. Edward W. Gardner  
Lexington-Fayette Urban County  
Government  
Department Of Law  
200 East Main Street  
Lexington, KY 40507

Honorable Kathleen L. Greenan  
Swidler, Berlin, Shereff & Friedman  
3000 K Street, N.W., Suite 300  
Washington, DC 20007



Barbara Greene  
Business Telecom, Inc.  
d/b/a BTI  
4300 Six Forks Road, Suite 500  
Raleigh, NC 27609-5781

William K. Grigsby  
Thacker-Grigsby Telephone  
Company, Inc.  
9500 Communications Lane  
P. O. Box 789  
Hindman, KY 41822

Jack E. Harrison  
Frost & Jacobs  
2500 PNC Center  
201 East Fifth Street  
Cincinnati, OH 45202

Honorable C. Kent Hatfield  
Stoll, Keenon & Park, LLP  
2650 AEGON Center  
400 West Market Street  
Louisville, KY 40202

Honorable Jane M. Helein  
Helein Law Group, P.C.  
8180 Greensboro Drive, Suite 700  
McLean, VA 22102

Honorable John N. Hughes  
124 West Todd Street  
Frankfort, KY 40601

Linda Hunt  
Lightyear Network Solutions, LLC  
1901 Eastpoint Parkway  
Louisville, KY 40223

Honorable Lindsey W. Ingram, Jr.  
Stoll, Keenon & Park, LLP  
300 West Vine Street, Suite 2100  
Lexington, KY 40507-1801

Susan Israel  
BellSouth Mobility  
dba Cingular Wireless  
5565 Glenridge Connector, Suite 1710  
Atlanta, GA 30342

Mr. Scott Jamison  
Access America  
138 Fairbanks Plaza  
Oak Ridge, TN 37830

Ms. Patsy Judd  
Kentucky CATV Association, Inc.  
P.O. Box 415  
Burkesville, KY 42717-0415

Cheryl Jung  
Norstan Network Services, Inc.  
5101 Shady Oak Road  
Minnetonka, MN 55343

Honorable Anne E. Keating  
Assistant General Counsel  
Kentucky Board of Education  
Ky. Dept. for Libraries & Archives  
500 Mero Street  
Frankfort, KY 40601

Honorable Leonard J. Kennedy  
Dow, Lohnes & Albertson, PLLC  
1200 New Hampshire Avenue, N.W.  
Suite 800  
Washington, DC 20036

Ms. Shirlene Krewson  
Big River Telephone Co., LLC  
P. O. Box 1608  
Cape Girardeau, MO 63702-1608

Ms. Linda Kubala  
Legislative Research Commission  
State Capitol  
Frankfort, KY 40601

Hon. Martha Ross-Bain  
AT&T Communications of the South  
Central States, LLC  
1200 Peachtree Street, N.E., Suite 8100  
Atlanta, GA 30309

Honorable Andrew D. Lipman  
Swidler & Berlin, Chartered  
3000 K Street, N.W., Suite 300  
Washington, DC 20007

William W. Magruder  
Duo County Telephone Cooperative  
Corporation, Inc.  
1021 West Cumberland Avenue  
P. O. Box 80  
Jamestown, KY 42629

Bernard Mandel  
PhoneTel Technologies, Inc.  
BP Tower  
200 Public Square, Suite 700  
Cleveland, OH 44114

Honorable Lisa Mattingly  
Legal Aid Society  
425 West Muhammad Ali Boulevard  
Louisville, KY 40202

Darrell Maynard  
SouthEast Telephone, Inc.  
106 Power Drive  
P.O. Box 1001  
Pikeville, KY 41502-1001

Daniel Mckenzie  
Mountain Telephone Cooperative, Inc.  
405 Main Street  
P. O. Box 399  
West Liberty, KY 41472-0399

Honorable Holland N. McTyeire, V  
Greenebaum Doll & McDonald PLLC  
3300 National City Tower  
101 South Fifth Street  
Louisville, KY 40202-3197

Anne E. Mickey  
Sher & Blackwell  
1850 M Street, NW, Suite 900  
Washington, DC 20036-5820

Dennis Miga  
Matrix Telecom, Inc.  
c/o Telecom Professionals, Inc.  
2912 Lakeside Drive, Suite 200  
Oklahoma City, OK 73120

Mr. James A. Nelson  
Libraries & Archives  
Office Of The State Librarian  
300 Coffee Tree Road  
P.O. Box 537  
Frankfort, KY 40602

Honorable Richard J. Northern  
Wyatt, Tarrant & Combs, LLP  
250 West Main Street, Suite 1600  
Lexington, KY 40507-1746

Harlon E. Parker  
Ballard Rural Telephone Cooperative  
Corporation, Inc.  
159 W. 2nd Street  
P. O. Box 209  
La Center, KY 42056-0209

Mr. Tommy L. Pendley  
6481 State Route 70 E  
Drakesboro, KY 42337

Paul E. Preston  
Foothills Rural Telephone  
Cooperative Corporation, Inc.  
1621 Kentucky Route 40 W  
P. O. Box 240  
Staffordsville, KY 41256

Mr. Clint Q. Quenzer  
Logan Telephone Cooperative, Inc.  
P. O. Box 97  
10725 Bowling Green Road  
Auburn, KY 42206

Kenneth L. Ramsey  
Cellular Phone of Kentucky, Inc.  
d/b/a Ramcell of Kentucky  
6915 Harrodsburg Road  
Nicholasville, KY 40356

Honorable Carol M. Raskin  
Legal Aid Society  
425 West Muhammad Ali Boulevard  
Louisville, KY 40202

Ed Ross  
Office of Comptroller  
Finance and Administration Cabinet  
Capitol Annex, Room 384  
Frankfort, KY 40601

Donald Roudebush  
Telecare, Inc.  
444 Lafayette Road  
Noblesville, IN 46060

Stephen B. Rowell  
Sr. Vice President  
Kentucky ALLTEL, Inc.  
P. O. Box 1650  
Lexington, KY 40588-1650

F. Thomas Rowland  
North Central Telephone  
Cooperative, Inc.  
872 Highway 52 By-Pass  
P. O. Box 70  
Lafayette, TN 37083-0070

Honorable Valerie Sally  
2034 Frankfort Avenue  
Louisville, KY 40206

Kim R. Scovill  
OmniCall International  
430 Woodruff Road, Suite 450  
Greenville, SC 29607

Honorable John E. Selent  
Dinsmore & Shohl, LLP  
1400 PNC Plaza  
500 West Jefferson Street  
Louisville, KY 40202

Honorable Mark A. Sharrard  
Kentucky Education Association  
401 Capitol Avenue  
Frankfort, KY 40601

Doug Shumate  
Interstate FiberNet, Inc.  
4092 South Memorial Parkway  
Huntsville, AL 35802

Mr. Forest M. Skaggs  
Kentucky Telephone Association  
861 Corporate Drive  
Lexington, KY 40503

Kirk Smith  
Operator Service Company  
5302 Avenue Q  
Lubbock, TX 79412

Philip E. Smith  
West Virginia Cellular Telephone Corp.  
2002 Pisgah Church Road, Suite 300  
Greensboro, NC 27455

Ron Smith  
Cumberland Cellular Partnership  
d/b/a Bluegrass Cellular  
2902 Ring Road  
P. O. Box 5012  
Elizabethtown, KY 42701

Hindy Stern  
DPC  
42 Robert Pitt Drive  
Monsey, NY 10952

Rick Taylor  
ALLTEL Kentucky, Inc.  
229 Lee Valley Road  
Shepherdsville, KY 40165

F.L. Terry  
Highland Telephone Cooperative,  
Inc.  
P. O. Box 119  
7840 Morgan County Highway  
Sunbright, TN 37872

Robert C. Thacker  
Thacker-Grigsby Telephone Company  
dba Thacker-Grigsby Long Distance  
P. O. Box 789  
Hindman, KY 41822

Ms. Betty Timon  
630 Truman Lane #512  
Bellevue, KY 41073

J. D. Tobin, Jr.  
Brandenburg Telephone Company, Inc.  
200 Telco Road  
P. O. Box 599  
Brandenburg, KY 40108

Kenny Troutt  
Excel Telecommunications, Inc.  
1600 Viceroy Drive  
Dallas, TX 75235

Honorable Michael W. Ward  
O'Keefe, Ashenden, Lyons & Ward  
30 North LaSalle, Suite 4100  
Chicago, IL 60602

Allison T. Willoughby  
Brandenburg Telephone Company, Inc.  
200 Telco Road  
P. O. Box 599  
Brandenburg, KY 40108

Allison T. Willoughby  
Brandenburg Telecom, LLC  
200 Telco Drive  
Brandenburg, KY 40108

Honorable Christopher J. Wilson  
Cincinnati Bell Telephone Company  
201 East Fourth Street  
P. O. Box 2301  
Cincinnati, OH 45201-2301

Honorable Nancy H. Wittebort  
225 West Randolph Street  
Suite 27-C  
Chicago, IL 60606

Arthur D. Wright  
Wright Businesses, Inc.  
d/b/a Long Distance Management  
P. O. Box 19088  
Lenexa, KS 66285-9088

Daryl Wyatt  
South Central Telcom, LLC  
1399 Happy Valley Road  
P. O. Drawer 159  
Glasgow, KY 42142-0159

Jeffrey J. Yost  
Jackson Kelly PLLC  
175 East Main Street  
Suite 500, P. O. Box 2150  
Lexington, KY 40595-0000

Hon. V. Wayne Young  
Kentucky Assoc. of School Administrators  
152 Consumer Lane  
Frankfort, KY 40601